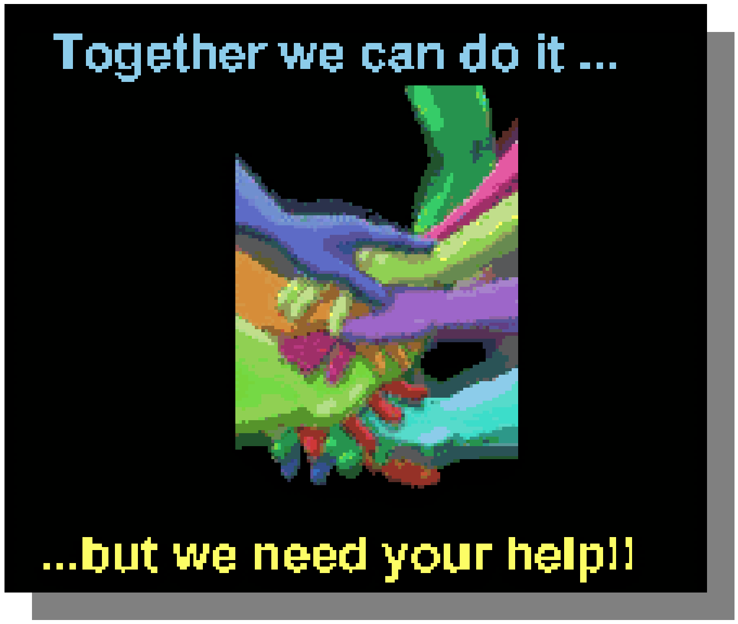


PERT
Contractor Purchasing Systems Independent Peer Review Program HANDBOOK

Table of Contents

1. Introduction

A. Introduction and the Pre-Review Process

The original Peer Review Program was established in July 1999 as a voluntary program available to Federal procurement and Contractor Procurement Managers in assessing the effectiveness of management control systems and compliance of those systems with published rules, regulations, and prime contract requirements for Management & Operating (M&O) contracts, only. One of its primary objectives was to inject more independence and objectivity into the review process. Although the Peer Review Program more than met its intended objectives, Procurement Executives from both the Department of Energy (DOE) and the National Nuclear Security Administration (NNSA) determined that it was appropriate to revise the program in an effort to further enhance independent validation of contractor purchasing systems and customer communications. The Procurement Evaluation and Reengineering Team (PERT) was chartered with the responsibility for implementing the changes.

In September of 2004, PERT was officially chartered by the Contractor Purchasing Council (CPC) [now known as the Contractor Supply Chain Council (CSCC)] and given the responsibility for revising the Peer Review Program for Contractor Purchasing Systems to move from a voluntary to a mandatory program. The resulting revised program differs from its predecessor in that reviews under the current program are: 1) mandatory; 2) conducted using established criteria consistently; 3) performed by experienced professionals from outside the reviewed organization; and 4) included a balanced representation of federal and contractor personnel.

B. Purpose of the Handbook

The purpose of this Handbook is to provide a common format, content and process for the conduct of reviews and the resulting documentation. Because of the emphasis on continual improvement of this review process, it is expected that this Handbook will be a “living” document that will be modified as improvements are identified.

C. The Review Process

The review process is divided into three sections:

- ***Pre-Review*** focuses on identification of the contractor sites to be reviewed, team selection, and preparation for the review.
- ***Review*** focuses on the actual review process, communication of results to site contractor personnel and contracting officer (CO), development of a draft report, and exit briefing.

- ***Post-Review*** focuses on ensuring factual accuracy of the draft report, issuance of the final report, identification of any lessons learned, and submittal of customer survey.

D. Site Identification and Schedule

The PERT Co-Chairs review the list of completed reviews, noting which sites have not been reviewed within the past three years, and prepare a proposed schedule for review and concurrence by the Senior Procurement Executives (SPE). Extenuating circumstances will be taken into account when determining the sites scheduled for review. Events that might preclude peer reviews include, but are not limited to, sites: 1) that are undergoing a re-compete event, 2) that are in a transition phase from one contractor to another, 3) where a new contractor has just been instated for a period of less than one year, and 4) that have recently completed a Contractor Purchasing System Review conducted by the DOE/NNSA.

E. Site Notification

During the second quarter of each fiscal year, the Co-Chairs will publish the list of selected sites for the next fiscal year, and the SPE will provide notification of the scheduled upcoming peer reviews to the affected sites.

F. Identification of Team Leads

The PERT Co-Chairs are responsible for designation of team leads (TL). Electronic copies of team member data sheets are maintained in a database. These data sheets may be used to identify individuals qualified to be a TL. Qualification will be based upon type of experience (both professional and as a review team member), company affiliation, and availability. TLs from a company affiliated with the site contractor cannot lead the review unless a written concurrence is provided by the site contracting officer.

The PERT Co-Chairs will identify the TLs, as follows:

1. Develop a list of qualified candidates (see Attachment B for Peer Review Team Member Data Sheet format).
2. From the list of qualified candidates, and in consideration of any conflict of interest, solicit volunteers to lead the scheduled reviews (see Attachment C for Confidentiality and Conflict of Interest Certification).
3. Confirm the selected TL's availability (At this time the TL should self-report any areas of conflict or concerns).
4. Confirm the acceptability of the designated TL to the Contractor Procurement Manager (CPM).

The PERT Co-Chair will review the roles and responsibilities with the identified TL as necessary [see TL Roles & Responsibilities, Independent Peer Review (IPR) Program guide, Sections VI and VII located at: http://www.hanford.gov/tocpert/]. The TL should review the expected time commitment for the planning, execution, and post review reports required for the peer review of the selected site. The TL should identify to the PERT Co-Chair any potential assistance that the TL might require in preparing for the review. The PERT Co-Chair should identify and discuss with the TL any areas of sensitivity specific to the selected site, and make a final determination as to the appropriateness of the TL selection to the selected site. If necessary, current TL may consider speaking with previous TL on results of most recent previous review.

G. *Site Scope Definition*

Upon request, the Co-Chairs will provide the TL with the names of the CPM and the CO. The TL should contact the CO of the selected site no later than 120 days prior to the scheduled review to identify any special areas of interest the CO wants reviewed. The TL should use a checklist (see Attachment E for Team Lead Checklist for Preparation of PERT Review) to ensure significant activities are addressed in advance of a review.

The TL and CPM should concur on the following areas:

1. Size of team,
2. Make up of team (generalist vs. specialists),
3. Length of review (e.g. number of days/weeks),
4. Specific sensitive site issues,
5. Unique qualifications of potential team members,
6. Any potential conflict of interests,
7. Special information that may be unique to the review, and
8. Daily schedule for review team and completion of review preparation checklist (see Attachment E).

H. *Identification of Team Members*

The initial identification of team members (TMs) will be accomplished at the annual PERT Workshop. During the workshop a list of reviews will be publicized and all PERT members in attendance will be encouraged to sign up to participate in a review or to assign qualified members of their staffs to review teams. The PERT members are responsible for notifying designated staff members of their assignment and ensuring that the staff member submits the required biographical data sheet to the Co-Chairs. If all available TM slots are not filled at the workshop, the Co-Chairs will email the list of upcoming reviews to all PERT members asking for participation and will address the issue of participation as necessary during the monthly PERT telephone conferences. As teams are formed, the Co-Chairs will review the team composition with the TL to ensure:

1. Team size is adequate for the review;
2. Biographical data sheets have been received and are on file for all TMs, and all TMs have an appropriate level of expertise and experience;
3. To the extent possible, the team membership includes any unique skills that may be required for the review;
4. Identification of any potential conflicts of interest (see Attachment C); and
5. Appropriate team dynamics.

The TL should consider if a "mentored" TM (an individual with less experience) could be assigned to the team for training purposes. (Note: The "mentored" TM would be in addition to the team size identified to sufficiently/effectively conduct the review.)

The Co-Chairs maintain electronic data sheets of potential peer review TMs. The Co-Chairs will, to the best of their ability, ensure the TMs selected meet the desired criteria and have the requisite skills. Upon request, the Co-Chairs will provide a list of potential volunteer TMs, including their data sheets, to the TL for review and concurrence. The list should include a sufficient number of TMs and alternates to provide for the possibility that some of the original TMs may have to withdraw from participation. The Co-Chairs and TL will strive for a team balance to include:

1. Experience levels (At least five years of DOE/NNSA procurement experience in contractor purchasing or federal contracting is desirable; applicants with lesser experience, or equivalent experience from other Federal or contractor sources may be considered, with the consent of the TL and concurrence of the CPM.),
2. Qualifications (generalist vs. specialist),
3. Team dynamics, and
4. An appropriate mix of federal and contractor personnel.

After the TL has confirmed the TM selection, the Co-Chairs will publish the fully staffed list of reviews that include identification of the TL as well as TMs.

The TL will schedule a conference call with all the TMs (and any Co-Chair if desired), no later than 90 days prior to the peer review to discuss:

1. The TM's roles and responsibilities (in accordance with this handbook, and as summarized in the "Team Member Roles and Responsibilities," see Attachment I);
2. The TL's expectations;

3. Approximate time the TMs should allow for preparation;
4. Probable assignment areas based on TM expertise/preference;
5. Any sensitivity issues;
6. Any conflict of interest that would prohibit a TM's participation, (The TL will provide the TMs with a site specific Conflict of Interest/Confidentiality Statement for signature and return to the TL); and
7. Any other preliminary issues that need clarification.

I. Major Data Call, Team Membership Announcement

During their initial contact with the CO and CPM, TLs will discuss the timing of the review and ~~to~~ go over the details of the planned review. The TL will follow up with written notification to the CO and CPM regarding specifics (see Attachment D, Sample Data Call). The notification should actually be a confirmation of the details discussed in planning telephone calls or emails. The types of information that should be decided upon include:

1. Title of the review;
2. Dates and duration of the review;
3. Names of the TMs, including the name of the TL;
4. Scope of the review;
5. Review criteria, including both standard criteria and any special criteria tailored to the particular site; and
6. Any other matters identified by the parties.

The TL will request the CO and CPM to identify a single contractor point of contact (POC) for purposes of establishing lines of communication for all matters relating to the peer review. The POC would normally be a senior representative of the Contractor's Purchasing Department or a higher level manager. The TL will provide a preliminary in-brief overview to the POC of the expectations to include the time limit and scope of overview. The TL will advise the POC of the following:

1. Dollar Threshold of transactions to be reviewed,
2. Types of actions for review,
3. Site support expectations,
4. Timing for submittal of a self-evaluation against the assurance criteria,
5. Preliminary data required (how, when, and where),
6. Identification of the time period from which data should be provided, and
7. Identification of TMs including documentation of those TMs who are not U.S. citizens.

Additionally, the POC will be asked to schedule and/or coordinate the following:

1. Requested interviews with the appropriate site personnel (identified prior to the review),
2. Daily briefings as necessary with appropriate management and staff personnel, and
3. Office space for the review team to work while conducting the review.

The TL will request the POC to provide the appropriate documents and data in a specified time period and format (e.g. electronic) to be utilized by the peer review TMs in preparation for the scope of the review. Such request may include:

1. Contractor policies and procedures;
2. Organization charts the level of detail will depend on the scope of the review;
3. A copy of the prime contract or the website where it has been publicly posted;
4. Prime contract crosswalk;
5. Balanced Scorecard Objectives Matrix or other DOE/NNSA-approved assurance methodology metrics (including the current approved plan, if available);
6. Most recent Balanced Scorecard or Objectives Matrix Report, including the most recent Compliance Review Report and Corrective Action Plan/Report;
7. A copy of the Site's most recent independent peer review final report, and the status of any corrective actions undertaken in response to the report;
8. Annual procurement volume, numbers of actions, and total dollars with some stratification of the data, e.g. greater than $100K, material orders, services orders, construction orders, etc.;
9. Current self-assessment against the contractor purchasing system assurance criteria;
10. Description of automated procurement systems to include point of contact name, title, and phone number; and
11. A glossary of commonly used, site-specific acronyms.

J. Site Support Expectations

The TL will request the appropriate site support from the POC. Site support should be tailored to meet the needs of the individual peer review teams. However, minimum requirements are as follows:

1. Working space for the TMs – this includes both a large conference room for group activities and/or smaller individual or small group working space. Depending on the facilities available at the particular site being reviewed, this could be cubicle space or small offices for individuals and a larger meeting room for groups of varying sizes.
2. Stand-alone desktop computers or laptop computers for use by the team. The request should specify if one computer or laptop is required for each TM or if two or

three units for the entire team will be sufficient. The request should also state which software programs will be necessary for use by the Team; e.g. Microsoft Word, Excel, PowerPoint, etc. If files or documentation to be reviewed must be accessed via computer, sufficient work stations should be provided to accommodate all team members.

3. Office supplies – this would include such items as pads of paper, pens and pencils, Post-It notes, tape flags, etc.
4. Office equipment – this would include requirements for printers, access to a fax machine, internet access, email access, or other computer-related hardware and software.

K. Preliminary Site Logistics

The TL should request the POC to provide preliminary site logistics such as:

1. Nondisclosure agreements for review by the TMs, if necessary. (NOTE: Nondisclosure agreements are addressed by the TL in the conference call);
2. Office or conference room space;
3. Maps to site, lodging, and nearby restaurants;
4. Site access requirements and restrictions;
5. Personnel clearance requirements;
6. Prohibition of types of articles such as personal electronic devices, including cellular telephones, tablet personal computers, recording devices, cameras, etc.;
7. Any restrictions on the use of private vehicles on site;
8. Availability of parking on or near the site of the review; and
9. Proximity to, and maps to, local restaurants or cafeterias for lunch (if different from item 3).

L. In-Brief Overview Expectations

The TL will provide instruction on expectations of any in-brief presented by the Contractor during the first day of the review. Included in the instructions to the POC will be:

1. Any time limits requested (e.g. less than one hour in duration),
2. Scope of the overview (e.g. limited to procurement only or a full presentation of the entire contractor's organization, etc.), and
3. Any limits on the numbers or types of personnel involved in the in-briefing (e.g. limited to procurement personnel only or open to all contractor management personnel).

M. Data Analysis and Review

The TL will provide the TMs with access to the information and data provided (electronic, hard copy or CD) as defined in Paragraph 1.i., *Major Data Call, Team Membership Announcement*. Typically, site information and data will be made available to the TMs via a password-protected folder on the PERT website, which may only be accessed by the TMs, and which will be removed by the PERT webmaster upon completion of the review, with authorization of the TL. The TMs should prepare for the review by completing all required reading prior to their arrival at the selected site. In general, the TMs should allow a minimum of 45 days for this preparation as there is typically a significant amount of material to cover. The TL will assign each TM with an area of concentration for the review including any areas of emphasis and identification of best practices. Each TM is expected to prepare adequately. The TMs should contact the TL for any required clarifications, concerns or additional data required.

N. Pre-Meeting with Team / Meet – Greet – Organize

On the evening prior to the review the TL should make arrangements for the team to gather at an agreed-upon location away from the review site to discuss final logistics arrangements and go over review assignments. This may be a hotel meeting room or lounge area that affords reasonable space and privacy. The meeting may be the first time many of the team members have met one another, so it is a critical opportunity to establish a good working dynamic for the group. The TL should keep the meeting focused, but informal.

O. Site Orientation and Badging

On the first morning of the review, all TMs should report to the site promptly. If possible, the team should arrive as a group, using as few transport vehicles as is practical. This will simplify in-processing for the Site POC. At most sites, the team should expect to spend approximately ½ to 1 hour on in-processing, including badging, safety/security briefing, training, etc. At sites with special security requirements, the time required for in-processing may be appreciably longer. All TMs should bring their organization security badges and at least one additional form of government-issued photo identification, such as a driver's license or passport. If the POC has previously provided the TM with forms for in-processing, these should be filled out prior to arrival at the site.

P. In Briefing with CPM and CO

After in-processing is completed, the POC should host an in-brief session attended by all TMs, the CPM (if different from the POC), appropriate contractor management and the CO. This is the minimum desired attendance. The topics to be covered at the meeting include:

1. Logistics – Considerations include location and access to team work space, including offices and common areas; office equipment and supplies, including access to

computers, site computer systems, the Internet, copiers and facsimile machines; and dining and restroom facilities.

2. Schedule – Considerations include a review of the team's planned work hours with consideration of working past the normal work day, if required; schedule to ensure uninterrupted site access; and a discussion of the team's desired interview schedules to ensure the availability of site personnel.
3. Orientation – Provide an overview of the site and its operations, including its procurement system (normally the overview of site operations covers the history of the site and provides a summary of the current operating environment, the site organization structure from the Chief Executive Officer to the procurement office operating level, and the nature of the performing contractor). If the CO desires, she or he may present a separate briefing on the structure and operation of the DOE/NNSA office responsible for monitoring site contract performance. This site briefing should aim to serve as an introduction, not an exhaustive description on the material. In length it should not exceed 60 minutes, including time for questions. If the CO provides a separate briefing, it should not exceed 30 minutes, including time for questions and answers.
4. Entrance TL Briefing – The TL will provide briefing on the review process.
5. Facilities Tour – The in-briefing should conclude with a brief facilities orientation tour, emphasizing the areas where the team will conduct its business.

Once the in-briefing is completed, the team should immediately commence its review activities. The POC should conduct a plenary session with all team members to describe the Site's file organization structure, and explain the Site's procedures for preparation and maintenance of both hard copy and electronic files, and the methodology for electronic file access.

2. <u>Review</u>

A. *Review of Corrective Actions Based on Previous Peer Review Observations*

Through discussion with the POC and CPM, the team should gain a clear understanding of any steps the Contractor has taken in response to observations made in the most recent previous review final report. The team should look for evidence of successful implementation as part of its file review and interview activities.

B. File Review

Team members should complete a PERT File Documentation Review sheet (Attachment J, PERT File Documentation Review) for each file they examine. The completed sheets will help ensure that all files in the review sample are looked at, and will provide a standardized reference to document observations for daily debrief discussions and draft report preparation.

Inevitably, reviewers will have questions concerning the content of individual files that will require discussions with the responsible procurement professional. The timing and structure of these discussions should be decided by the TL, with due consideration being given to expediting team workflow and minimizing disruptions to site procurement personnel. In some instances where the reviewer's questions are not complex or of a sensitive nature, the responsible procurement professional is located in close proximity to the review site, and the POC has approved such contacts, it may be appropriate to engage in quick, informal one-on-one discussions. In other cases, it may be appropriate for reviewers to aggregate questions for a scheduled, daily fact-finding session arrange by the POC. In other cases, questions that may involve issues of concern about potential waste, fraud or abuse should be discussed by the TL and CPM before they are brought to the attention of the responsible procurement professional.

C. Interviews

Interviews should take place as early as possible during the review process. If there are key personnel the team wishes to interview as a result of its pre-review activities, the names of these people should be given to the POC before the team arrives, so that potential schedule conflicts are minimized. Ad hoc interviews should always be coordinated through the TL/POC. Interview team should be limited to two or three people.

When interviewing site personnel, TMs must conduct themselves in a courteous professional manner. The interviewers should attempt to put the interviewee at ease by informing them that the purpose of the discussion is discovery and fact-finding, not accusatory. Interviewers must also refrain from becoming argumentative, keeping in mind the adage that there may be many different but effective paths to a successful result.

D. System Demonstrations

When the team determines that system demonstrations are required to facilitate the team's understanding of the site procurement processes, the TL should meet with the POC to identify the nature of the demonstrations, the time required and the earliest possible schedule on which they can be conducted.

E. Scheduling

Throughout the review, the TL should ensure TMs coordinate their activities at least once each day, sharing observations and building consensus. Such early sharing will greatly expedite the drafting of the team report.

F. Daily Debrief

The TL should also conduct a daily debrief with the POC and/or CPM. This is an opportunity to advise the responsible managers of issues the team is currently noting, in keeping with the philosophy of "no surprises" during the review process. In these debriefs, it is important that the TL be direct and firm, and that he/she address the issues clearly. A frank and open approach to communication of the issues identified by the TL and all the TMs will help the CPM and personnel accept the team's assessments as constructive criticism, and to implement needed change without wasting undue effort on refuting the team's assessments.

G. Draft Report

The most critical on-site team activity is the preparation of the draft report. Since this is the vehicle that will document the team's observations for posterity and serve as a catalyst for change, it must be the product of care and great deliberation.

TMs should begin their coordinated effort in preparing the draft report with the end in mind. The TL may wish to consider assigning specific sections of the report to individual TMs, and ask that they begin preparing support documentation as they proceed with their reviews.

The TL should ensure that all TMs prepare their assignments using the standard report template (see Attachment F, Draft Report Template), and that all TMs have read and are familiar with the sample reports. The TL should also ensure that all TMs share a common understanding of how the adjectival ratings used in the report are being applied.

TLs need to ensure that TMs roll up their scoring of the individual assurance criteria tenets in a manner that reflects the consensus of the team. Particular attention should be paid to the weight given to individual observations, patterns and trends. The TL is responsible to ensure a draft report is provided to the CPM and the POC at the conclusion of the review.

H. Exit Briefing with CPM & CO

The CO and CPM are mandatory invitees for the exit briefing. The attendance of TMs at the exit briefing is at the discretion of the TL; however, unless they are advised not to do so by the TL, all TMs should plan to attend the exit briefing, and should arrange their travel plans accordingly.

While a guiding principle of the process is that no surprises should occur in the exit briefing, the TL must be prepared for the possibility that, given the short amount of time available and the masses of data that must be collected, absorbed and analyzed by the team, the draft report may contain observations based on patterns or trends that only became visible in the final hours of preparation. Should such a situation arise, the TL should attempt to alert the POC to this as soon as possible, and should work with the POC, CPM and CO to ensure that the overriding function of the debriefing – to clearly state the review results – is not lost or minimized in an unnecessarily adversarial confrontation.

In addition to identifying concerns resulting from the review, the TL should make sure the team identifies and emphasizes any best practices that were observed. The TL should ensure that CPM provides clearance for posting of an appropriate description of the practice, including point of contact information, on the PERT website.

I. Identification of Best Practices

A "best practice" is commonly defined as a method or technique that consistently shows results superior to those achieved with other means, and that may be used as a benchmark.

In attempting to determine whether or not a particular practice is a best practice the review team should consider the following points:

- What are the tangible and intangible benefits derived from the practice?
- How does the practice improve the organization's business performance?
- Does the practice maximize performance in one or more of the following areas?
    - Cost savings/avoidance
    - Customer focus
    - Operational efficiency
    - Quality
    - Response time
    - Waste reduction
- Is the practice reasonably adaptable (i.e., not a product of the site's unique business environment, and capable of introduction to other procurement systems with a reasonable amount of resource investment?

If, in the judgment of the review team, the practice meets the criteria set forth above, and the practice has not been previously identified and reported, it may be identified as a best practice. If the practice was previously reported as a best practice, it should be identified as a "good operational practice" and an ongoing operational strength, and its status as a prior best practice noted in the team's report.

3. Post Review Activities

The Post Review Activities include all actions after the completion of the on-site review including the timely submission of the final report and the submission of the necessary input data; such as, lessons learned and shared best practices. Through these inputs, trend analysis can be conducted annually for process improvement. The seven main post review activities are as follows:

A. Receive Site Comments

The contractor has seven working days to submit comments to the team leader after the exit briefing. The TL should immediately distribute comments to all TMs for their review and input. The team has 30 calendar days to issue the final report after the exit briefing. If the contractor used the entire seven working days, the team would have approximately 20 calendar days to review, discuss, change, and issue the final report.

B. Resolve Comments and Circulate Final Draft

Full team participation is vital and receipt of input from each TM will help in reconciling comments. However, the TL will have final authority if there are opinion differences among members. The TL may obtain advice, with due consideration for confidentiality and conflict of interest, from the Co-Chairs, other PERT members outside of the team, or other technical experts.

Once comments are resolved, the TL would make the necessary changes to the draft final report and share with the team. All members should review the edited draft report for content accuracy and logical flow. Once agreed, the draft final report will be provided back to the POC, CPM, CO, and Co-Chairs for review. At this stage, the TL should emphasize to the contractor that the team is not inviting any further comment. Changes at this stage should be minor.

C. Final Report

Upon completion of the final report it will be distributed. This report should be released within 30 calendar days of the exit briefing. The TL is responsible for distributing the report to the POC, CPM, and Co-Chairs. The Co-Chairs are responsible to distribute the final report to the respective DOE or NNSA Senior Procurement Executive and CO. The TL should remind the responsible CO that any corrective action or follow-up with the CPM is their responsibility. A reminder should also be sent to the CPM at this time to provide narratives for best practices which the team and the contractor have agreed to share. Upon receiving the best practice narrative, the TL will review, concur, and forward it to the Co-Chairs. The Co-Chairs may invite the CPM or designee to present an overview of the best practice at the annual PERT membership meeting.

D. *Acknowledgement of Appreciation*

TLs should express appreciation, in writing, to all TMs, and the CM upon completion of the final report (see Attachment G, Acknowledgement and Appreciation Letter Format). Co-Chairs should express appreciation, in writing, to all TLs and TMs upon completion of the review.

E. *Survey of Process*

The TL sends Survey requests to the CPM to assess the team process, conduct and results (see Attachment H, Independent Peer Review Customer Satisfaction Survey).

The TL should remind the CPM to keep comments at an objective and professional level. Survey results are to be sent to the contractor Co-Chair for the reviewed site's agency (NNSA or DOE) to evaluate and trend. Results of the surveys should be generalized and shared accordingly to allow for process improvements.

F. *Submit Lessons Learned*

The TL may request lessons learned input from the TMs and if appropriate, the CPM, POC, and CO. The TL will consolidate these suggestions logically and in turn, submit them to the Co-Chairs. The Co-Chairs will share appropriately and collect the information for trending purposes.

G. *Trending*

On an annual basis, the Co-Chairs will conduct the following trending analysis:

1. Lessons learned,
2. Recurring issues/weaknesses from final reports,
3. Survey of process.

Trending results will be shared with the PERT membership.

4. Applying Best Practices After the Review

A key element of applying best practices to organizations is the ability to balance the unique qualities of an organization with the practices it shares in common with others. When an organization has been commended for a best practice, it should endeavor to share that practice with other institutions in a manner that makes the practice as accessible as possible to others. Typically, this would include providing a written description of the practice and subject matter expert contact information for posting on the PERT web page within 60 days after completion of the review and making a presentation on the best practice at the next annual PERT meeting. To the extent the resources permit, the organization may also consider hosting benchmarking visits from other organizations that want to observe the practice in action.

5. Attachments

A. Acronyms

B. Team Member Data Sheet

C. Confidentiality and Conflict of Interest Certification

D. Sample Data Call

E. Team Lead Review Preparation Checklist

F. Draft Report Template

G. Acknowledgement and Appreciation Letter Format

H. Customer Satisfaction Survey

I. Team Members Roles and Responsibilities

J. PERT File Documentation Review

ATTACHMENT A - ACRONYMS

CO	Contracting Officer
CPC	Contractor Purchasing Council (see CSCC)
CPM	Contractor Procurement Manager
CPSR	Contractor Purchasing System Review
CSCC	Contractor Supply Chain Council (formerly the CPC)
DOE	Department of Energy
FAR	Federal Acquisition Regulation
IPR	Independent Peer Review
M&O	Management & Operating
NNSA	National Nuclear Security Administration
PERT	Procurement Evaluation and Reengineering Team
POC	Point of Contact
SPE	Senior Procurement Executive
TL	Team Lead
TM	Team Member

ATTACHMENT B - TEAM MEMBER DATA SHEET

PERSONAL INFORMATION

Name:	Citizenship: US
Work Address:	Security Clearance Level:
City, State, Zip Code:	Work Phone & Fax #'s:
DOE/NNSA Site:	Work E mail:
Federal Civilian Grade:	Title:

EDUCATION:

☐ Masters or greater – Identify Major: ______

☐ 4 Year Degree - Identify Major: ______

☐ Other – Identify area of study and explain applicability to PERT: ______

☐ Training applicable to PERT – Identify Training: ______

PROFESSIONAL EXPERIENCE:

☐ Contracting experience – Specify number of years: ______

☐ Compliance experience – Specify number of years: ______

☐ Procurement Management experience – Specify number of years: ______

☐ Other – Identify job experience and explain applicability to PERT: ______

☐ Best Value Source Selection
☐ Construction
☐ Contract Law
☐ Cost/Price Analysis
☐ Contract Closeout
☐ IT Systems
☐ International Contracting
☐ Negotiations
☐ PCard System Administration
☐ Property/Traffic Management
☐ Service Contract
☐ Small Bus. Liaison Officer
☐ Other (specify)

PEER REVIEW EXPERIENCE:

☐ Previous experience as a Team Member – Number of reviews completed: ______

☐ Previous experience as a Team Leader – Number of teams led: ______

OTHER QUALIFICATIONS (e.g., PERT membership, peer review POC at Site, etc.)**:**

☐ Explain: ______

ATTACHMENT C - CONFIDENTIALITY AND CONFLICT OF INTEREST CERTIFICATION

Site: ___________________________________

To: __________________, Contractor Procurement Manager

From: __________________, Member Independent Peer Review Team

Subject: Regarding my involvement in the Independent Peer Review to be conducted at your site:

Certification Regarding Confidentiality

I certify that I will not disclose any confidential information regarding the subject activity either during the activity or at any subsequent time, to anyone who does not have access to the information or has not been authorized access by you or an authorized representative of your organization.

I shall have no obligation to preserve the confidentiality of any information, which is obtained without restriction either from your organization or from another source.

Certification Regarding Conflicts of Interest

I also certify that there are no personal or professional interests, influences, or issues that will affect my ability to render impartial, unbiased, and fair services in support of this assignment.

I recognize the obligations contained in this agreement and shall be bound by such obligations for a period of three (3) years after execution of this agreement.

Signature: ____

Name (typed): ____

Organization: ____

Date: ____

(Federal employees may delete the certification regarding confidentiality.)

CC: Peer Review Team Lead

ATTACHMENT D - SAMPLE DATA CALL

Dear *(Insert POC or CPM name):*

Please consider this message your official data call for the upcoming PERT Independent Peer Review of *(Insert Prime Contractor Name)* scheduled for *(Insert Date of Review)*. If you can respond as soon as possible (even partially), it would be greatly appreciated. In order for the team to be prepared we do ask that you provide the data no later than *(Insert Date when Data Call Information is Due)*.

1. Suggestions for convenient place for those traveling to stay.
2. Identification of the location where the PERT team will be based including site hours.
3. Provide any security issues for access for the team members if applicable.
4. Please confirm that you provide a conference room, with at least one PC/Laptop connected to a projector and a printer, and sufficient additional workstations to provide the team with access to your electronic files and documentation.
5. Please confirm whether there is internet access, wireless, etc., at the work location.
6. The *(Insert Prime Contractor Name)* data required for the review: either by e-mail, or access to the documents on-line (preferred); CD would also be acceptable with least preferred hard copy.

   Prime Contract
   Prime Contract/Subcontract Terms & Conditions Crosswalk
   Procurement Manual/Procedures/Desk Instructions
   Balanced Scorecard FY20__ Results, FY20__ Plan
   Small Business Subcontracting Plan
   P-Card Manual/Guide
   Completed Criteria Matrix (attached)
   Completed Site Info (first page of final report- attached)
   Copy of most recent previous Peer Review Report and Matrix
   Copy of most recent previous Peer Review Corrective Action Status Report (if applicable)
   Any other information you believe would be helpful to the team

   Notes on *(Insert Prime Contractor Name)* Completed Matrix
   Please note that you should insert comments in the “observation” section of the attached matrix/assurance criteria when self-rating your processes as a “best practice”, “strength”, or “weakness”. Comments are not required when you have rated yourself “acceptable”. Observation comments should be succinct and explain the basis for the best practice, strength or weakness self-rating. Observations should not repeat documented procedures/practices or offer inordinate amounts of detail to support a particular rating or explain how the source documents meet the requirements.

7. Stakeholders the team would like to interview (interviews to be scheduled – I have attached a draft schedule for the week), please provide the names if possible:

   DOE Contracting Officer
   Procurement Manager
   Business Manager (person to whom Procurement Manager reports)
   Small Business Liaison
   P-Card Program Administrator
   Automated Procurement "power" user

Accounts Payable Representative
Property Representative
Legal Counsel
Internal Audit
Project Management Representative
At least two customers from heavy usage groups, (Construction, IT, operations etc.)

Two weeks prior to the PERT review, I will request a data call of a listing of all subcontracts including modifications awarded in the previous Fiscal Year. The team will review and identify which Subcontracts/Modifications will be part of the review with the understanding that we can request additional items during the week of the review.

Notes on *(Insert Prime Contractor Name)* presentation indicated on draft schedule.
With regards to the "Company/Procurement overview" section on the agenda, we respectfully request that this presentation be time constrained to 30 minutes. We have been on a number of different reviews where the time has gone much longer than planned and detrimentally impacted the PERT team's ability to get underway on the review process.

You can also obtain other information about PERT on the PERT Home Page at http://www.hanford.gov/tocpert/

If you have any questions, please call *(Insert Team Lead's Phone Number)* or email me at *(Insert Team Lead's email address)*.

Thank you for your cooperation. We look forward to reviewing the *(Insert Prime Contractor Name)* procurement system.

Sincerely,

(Insert Team Lead Name, Title)

ATTACHMENT E - TEAM LEAD REVIEW PREPARATION CHECKLIST

- ☐ 120 Days
  - ☐ Contact Procurement Director and team members to coordinate a review date
  - ☐ Provide Contractor Purchasing System Assurance Criteria to the Procurement Director for self-assessment
  - ☐ Ask team members to read Handbook
  - ☐ Contact the Contracting Officer to identify and special interest areas
  - ☐ Contact previous TL on results of most recent previous review, if applicable
- ☐ 90 Days
  - ☐ Hold initial teleconference call with team members and determine frequency of future calls
  - ☐ Notify Procurement Director of the members on the team
  - ☐ Request a data call (i.e. contractor policies and procedures, organizational charts, prime contract, balanced scorecard or objective matrix information, annual procurement volume, self-assessment, description of automated procurement systems, etc.). Refer to Section 1.I., *Major Data Call, Team Membership Announcement*, of Handbook.
  - ☐ Confirm site support expectations (i.e. computer, overhead, breakout rooms, etc.)
  - ☐ Request the site Point of Contact provide preliminary site logistics (i.e. nondisclosure agreements, office or conference room spaces, maps, lodging and restaurants, site access requirements, prohibition of articles, restrictions, parking, etc.). Refer to Section 1.K., *Preliminary Site Logistics*, of the Handbook.
- ☐ 60 Days – Determine team members assignments
- ☐ 45 Days – Receive completed data from Procurement Director and distribute to the team members
- ☐ 30 Days – Request list of individuals to be interviewed
- ☐ 14 Days – Identify and notify the Procurement Director of the files to be reviewed
- ☐ Night Before – Hold pre-meeting with team members

ATTACHMENT F - DRAFT REPORT TEMPLATE

To: Procurement Executive, Site Contracting Officer, Contractor Procurement Manager

I. EXECUTIVE SUMMARY

DOE/NNSA Contractor Site: ____________________________
Type of Site: ____
Site Contracting Officer: _______________________________
Contractor Procurement Manager: _____________________________
Date of Review: ____
Date Range of Review Sample From: ____________ To:______________
Last PERT/or External Review: ___________________________
PERT Team Lead: ____________________ Co-Chair: ________________

BACKGROUND—PRIOR FY STATISTICS

KEY METHODS OF ACQUISITION	**DOLLARS**	**ACTIONS**	
P-CARD	$	#	
USER-PLACED TRANSACTIONS	$	#	
ALL OTHERS	$	#	
TOTAL SPEND	$	#	
*(*e.g., b2b, eCommerce, managed catalogs, etc.)*			
PROCUREMENT DEPARTMENT STAFFING (FTE)			
BUYERS			
MGMT.			
OTHERS Functions			
TOTAL			
FINANCIAL PERSPECTIVE			
SITE FUNDING	PURCHASING SPEND ($ AND %)	PROC BUDGET AS A % OF SITE FUNDING	COST TO SPEND

ASSESSMENT OVERVIEW:

This assessment was conducted in accordance with the PERT PEER REVIEW PROGRAM FOR FEDERAL PROCUREMENT AND CONTRACTOR PURCHASING SYSTEMS, dated February 2006. The Program is an adaptable tool that includes transactional reviews, results-examination, overall process evaluation, review of quality assurance of procurement processes or data collection methodologies all intended to provide an independent assessment of the purchasing system.

The report provides the Procurement Executive, Site Contracting Officer, and Contractor Procurement Manager an advisory tool to help assess the overall condition of the contractor's purchasing system.

Based on our review, no observations of a significant nature ---OR---

Based on our review, we found the following observations that require corrective action by the Site Contracting Officer and Contractor Procurement Manager.

II. SIGNIFICANT OBSERVATION GUIDANCE:

1. These Observations are of a nature that they require immediate review and/or corrective actions (i.e. the observation is so egregious that it must be addressed immediately to maintain an approved purchasing system.

2. All Observations normally have a specific prime contract clause or an approved system requirement that is being violated on a repeated basis, or the one time violation is so egregious that it warrants immediate consideration.

3. The PERT Lead is solely responsible for determining if an Observation exists.

4. The PERT Lead may contact the PERT Co-Chairs for additional input in determining if an observation is significant in nature.

The format for Significant Observation and all other Observations should generally be as follows.

Observation: State the Observation as a fact, e.g. "…The Contractor Purchasing Official granted indemnification on a recurring basis without the approval of the DOE contracting officer."

Reference: Prime Contract clause 1-121 requires approval of the DOE contracting officer prior to granting indemnification to any vendor.

Impact: Costs resulting from granting the indemnification may be deemed unallowable under the M & O's contract.

Attachment 1 contains the detailed documentation that supports the overall PERT assessment of the contractors purchasing system.

By______________________________________

(Signature)

Title: _________PERT Team Lead_____________

Date:___________________________________

Names of Team Members:

____

____

____

____

____

____

____

____

Attachment 1: Purchasing System Basic Tenets

The matrix below summarizes the observations of the PERT as related to the nine basic tenets and one additional tenet for an effective purchasing system. It contains an overall summary assessment of the Contractor Procurement Assurance Criteria used by the PERT during this assessment.

General Observation Guidance

1. "Best Practice" observations are those areas of the contractors system that the PERT considers a Best Business Practice, opinions, or observations that may warrant consideration for use by others in the complex.

2. "Strength" observations are those areas identified by the PERT as being thorough in terms of policy, deployment, and execution that routinely produce exceptional results.

3. "Acceptable" observations are those identified by the PERT as meeting standards.

4. "Weakness" observations are those areas identified by the PERT as not meeting standards. They tend to be administrative in nature, may not be in full compliance with the prime contract or approved purchasing system requirements, and may or may not be so serious as to jeopardize System Approval. All weakness observations are repetitive or recurring in nature and should have a specific regulatory, prime contract, or approved purchasing system reference.

	Purchasing System Basic Tenets	Observation
1	Acquisition of quality products & services at fair & reasonable prices	
2	Use capable & reliable subcontractors	
3	Minimization of acquisition lead-time & administrative costs of purchasing	
4	Use of effective competitive techniques	
5	Reduction of subcontract performance risks & facilitation of quality relationships	
6	Use of self-assessment & benchmarking techniques to support continuous improvement	
7	Maintenance of the highest professional and ethical standards	
8	File documentation appropriate to value of purchase & adequate to establish propriety of transaction & price	
9	Maximization of Opportunities for small Business	

Observation Key: ✪--Best Practice ●--Strength ⊙--Acceptable ○--Weaknesses

ATTACHMENT G - ACKNOWLEDGEMENT AND APPRECIATION LETTER FORMAT

DATE

Insert Name & Address

Dear ____________:

Subject: ***PEER Review – __________Purchasing System – DATE________***

During the week of _______, I had the pleasure of leading a peer review of the _______ purchasing system.

DOE requires the purchasing system of a DOE major facility contractor be approved every three years by the cognizant DOE Contracting Officer in order to retain certification; therefore, a purchasing system compliance review must be conducted during the three year approval period. In lieu of a DOE Contractor Purchasing System Review (CPSR), the DOE Procurement Executive, _________, has endorsed an outside peer review program (DOE Guide, Chapters 1.2 and 70.7) to be conducted by and under the auspices of the DOE Contractor Procurement Evaluation and Reengineering Team (PERT). To accomplish this task a team of procurement professionals was assembled, which included a broad base of experienced personnel from ____.

We are pleased to report that the team found no observations of a significant nature. It is our opinion that the _____ procurement organization is well managed, and its path forward is in the right direction.

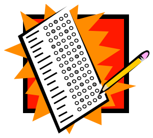
We would like to thank _____ management, particularly _____________, along with their staff for the outstanding preparation, cooperation, and hospitality extended to the PERT team. Additionally, the cooperation and flexibility of other _____ employees and DOE Contracting Officer, _______, greatly aided in the accomplishment of this review. Enclosed is an executive summary of the review, which was presented to the ______ purchasing organization, ________, and representatives of DOE at the conclusion of our stay.

Sincerely,

(PERT Team Leader)

Enclosure

ATTACHMENT H - CUSTOMER SATISFACTION SURVEY



INDEPENDENT PEER REVIEW CUSTOMER SATISFACTION SURVEY

<table>
<tr><td colspan="4">Instructions:
As a customer of the Independent Peer Review Program, it is important to know if you were satisfied with the review conducted and the members of the review team. You are asked to complete the survey below, by assigning a rating to each of the questions. In addition, you are asked to provide any lessons learned you would like to share with us to enhance the Independent Peer Review Program.</td><td colspan="4">Directions:
Rate each question as "A", "B", "C", or "D", with "A" being the most satisfied and "D" being the least satisfied.

Comments are welcomed. Please provide specific feedback in the Comments section.</td></tr>
<tr><td colspan="4">Site:</td><td colspan="4">Purchasing Manager:</td></tr>
<tr><td colspan="4">Pre-review Preparation:
The team members communicated their needs in advance, and were well prepared when the review began.</td><td colspan="4">Communication:
Team's communication with the site's staff (including daily and final out briefs) was professional, courteous and effective.</td></tr>
<tr><td>☐ A
most satisfied</td><td>☐ B</td><td>☐ C</td><td>☐ D
less satisfied</td><td>☐ A
most satisfied</td><td>☐ B</td><td>☐ C</td><td>☐ D
less satisfied</td></tr>
<tr><td colspan="4">Effectiveness:
The team conducted the review in an effective manner.</td><td colspan="4">Quality:
The quality of the final report and matrix is useful.</td></tr>
<tr><td>☐ A
most satisfied</td><td>☐ B</td><td>☐ C</td><td>☐ D
less satisfied</td><td>☐ A
most satisfied</td><td>☐ B</td><td>☐ C</td><td>☐ D
less satisfied</td></tr>
<tr><td colspan="4">Provided Valuable Feedback:
The team provided some good suggestions on areas for improvement and feedback on areas of strength.</td><td colspan="4">Overall:
Overall, I find the Independent Peer Review Process valuable.</td></tr>
<tr><td>☐ A
most satisfied</td><td>☐ B</td><td>☐ C</td><td>☐ D
less satisfied</td><td>☐ A
most satisfied</td><td>☐ B</td><td>☐ C</td><td>☐ D
less satisfied</td></tr>
<tr><td colspan="4">Comments:</td><td colspan="4">Lessons Learned:
Please provide any specific Lessons Learned that you would be willing to share. Your feedback will be used to enhance the Independent Peer Review Program.</td></tr>
</table>

INFORMATION CONTACT: <u>Michelle Wiest</u>

ATTACHMENT I - TEAM MEMBER ROLES AND RESPONSIBILITIES

Time Frame	Task	Section
Upon request	Team Member Data Sheet – complete and return to TL as requested.	1. H.
90 days	Conference call with TL and Co-Chair. Discuss: roles and responsibilities, expectations, preparation time, sensitivities, Conflict of Interest/Confidentiality Statement, preliminary issues that need clarification.	1. H.
Upon request	Preliminary Site Logistics. Nondisclosure agreements reviewed (as necessary)	1. K.
45 days	Data Analysis and Review (electronic, hard copy or CD). Complete required reading. Focus on area of concentration as assigned by TL (if applicable).	1. M.
Evening prior to review	Pre-Meeting with Team: Meet-Greet-Organize. Discuss final logistics and review assignments.	1. N.
First Day	Bring security badge and one additional form of government-issued photo identification (driver's license, passport). Bring any other in-processing forms, as requested.	1. O.
First Day	In-Briefing with CPM and CO. Topics to be covered include: Logistics, Schedule, Orientation, entrance TL Briefing, Facilities Tour.	1. P.
First Day	Commence review	2.
Second Day Through Fourth Day	Review of Corrective Actions Based on Previous Peer Review Observations: TMs look for evidence of successful implementation as part of file review and interview activities.	2. A.
	Identify and emphasize any best practices observed.	2. I.
	Interview key procurement personnel in teams of two or three people	2. C.
	Determine System Demonstrations needed to facilitate understanding of site procurement processes	2. D.
	Coordinate activities once each day: Share observations and build consensus	2. E.
	Draft Report: begin coordinated effort to prepare draft report with the end in mind. Specific sections as assigned to each TM.	2. G.
Last Day	Exit Briefing with CPM and CO	2. H.
Post Review	Review comments	3. A.
Post Review	Review edited draft for content accuracy and logical flow	3. B.
Post Review	Lessons learned input (as requested)	3. F.

ATTACHMENT J - PERT FILE DOCUMENTATION REVIEW

Date:

Buyer/Contract Administrator: ______________________________

Contract/PO No.: ______________________________

Company: ______________________________

Reviewer: ______________________________

Comments: ______________________________